

**Local Agency Formation Commission
Of Modoc County
Special Meeting**

Minutes of November 13, 2008

1. Call to Order:

Chairman Dederick called the meeting to order at 6:00 pm, in the City Council Chambers, Alturas City Hall. Commissioners Schreiber, Dederick, Dunn, Neer and Macsay were present. Commissioner Alternate Bradshaw was also present.

Absent: Commissioner Alternate Nelson

Staff Present: John Benoit, Executive Officer and Stephanie Roddy, Interim Clerk

Pledge of Allegiance

2. Approval of Agenda:

Commissioner Macsay made the motion to approve the agenda as submitted; seconded by Commissioner Dunn. All in favor: Unanimous.

3. Correspondence:

None other than what was included in the staff report.

4. Approval of Minutes:

Commissioner Dunn made the motion to approve the minutes of October 14, 2008 as submitted; seconded by Commissioner Schreiber. All in favor: Commissioners Dederick, Dunn and Schreiber; Abstain: Commissioners Neer and Macsay.

5. Public Comment: Members of the public may address the Commission on matters under its jurisdiction that are not on the agenda. The Commission may limit the public comment to three minutes. The Commission may not render any decisions other than those items that are contained on the agenda; the public may request an item to be placed on a subsequent agenda.

None.

6. Public Hearing LAFCO File 2008-0001 Formation of the Last Frontier Healthcare District in the Alturas/Canby/Calpines and Likely areas of Modoc County:

Action:

a. Review Executive Officer's report regarding Proposed Formation of a Healthcare District

John Benoit briefly reviewed the report as follows: LAFCO received a Resolution of Application from the Board of Supervisors (BOS) to form a healthcare district called the Last Frontier Healthcare District (LFHD). The County of Modoc currently serves this area with healthcare services and operates the hospital. The application is being sponsored by the Board of Supervisors on behalf of the Save Our Hospital Committee (SOHC). The new district would be an independent special district and voters would need to pass a Special Tax to provide financial viability. The SOHC submitted a Business Plan, Exhibit D, which was given to the Commissioners before the meeting, is the language of the proposed ballot measure for the Special Tax. LAFCO policies and

procedures and government code must be adhered to in all decisions made by the Commission; the request is in compliance. Recommended approval of the proposal to form the LFHD, subject to recommended terms and conditions. Noted that a public copy of the proposed Resolution and other documents is available to anyone interested in seeing them.

Commissioner Schreiber asked if the district would still go into effect if the Special Tax didn't pass?

John Benoit: the district requires a 50% passage to be formed, conditioned on approval of the special tax by the voters.

Commissioner Dunn: If [the Special Tax] is not passed, it won't be assessed.

John Benoit: The County Elections Clerk will make sure it's on the ballot correctly.

John Kenny: 2/3rds approval by the voters to pass the tax.

Commissioner Schreiber asked if the new district would cause an overlap of services with the Canby Clinic?

John Kenny: no, one is an acute care hospital and one is a clinic.

b. Conduct Public Hearing and receive testimony:

Applicant Representative, Judy Mason: The County is 13 million in the hole; they are borrowing 2.5 million from the general fund to keep the hospital operating. The Business Plan was written with a 3 million dollar shortfall due to the State's decision regarding Medical. Hospital district law requires districts not to take in more money than they need; money that is not needed must be credited or refunded. If the public would like more information, they can attend the Save our Hospital Committee (SOHC) meetings, pick up a Business Plan at the Planning Department Office or visit the LAFCO website. This process is just to get it on the ballot so the taxpayers can decide if they want to pay for it. Voucher - if you pay the tax, you can use the voucher to pay for services at the hospital after insurance. The first Board will be appointed by the BOS; after that, they will be elected at large.

Commissioner Macsay asked that the hardship reduction be explained.

Judy Mason: If someone is unable to afford the tax, they must petition the District Board for a lower rate or no rate.

Commissioner Macsay: Services will be provided even if they haven't paid the tax.

Pat Cantrall: Concerned over fixed-income persons that may not be able to afford the tax.

Mr. Schreiber: What if the tax is just not paid?

Judy Mason: Lien by County would be placed on the property if simply not paid.

Unidentified Member of the Public (P): What effect does the tax deferment granted to

some people have on this tax?

(P): Veterans (disabled only) are granted tax deferment, special assessments are still required to be paid.

(P): Will the district pay back the 13 million?

Judy Mason: If there is excess revenue, it could be applied to the debt.

(P): When would the voucher be paid? does it expire?

Judy Mason: Possibly when the bill is sent; expires end of year.

Commissioner Schreiber: How would you pay back the debt if you're not allowed to profit?

John Kenny: Not the same, there will be no profit; money used to pay debt is not profit.

(P): How many vouchers do you get? How many times per year?

Judy: One voucher per household; it's up to the Board.

Pat Cantrall: If you can't pay, will you still be served?

John Kenny: Yes.

(P): Anyone can go to the hospital? But if the district is signed off by the BOS to pass title, equal to or greater medical attention must be provided to all the County, not just the district.

John Kenny: Yes.

(P): When Surprise Valley created their district, did that help with bill pay?

This question was considered "off topic" and not discussed.

(P): What about the "non-compete clause" and Canby? will the Canby area be grandfathered?

John Kenny: Competing agencies must be prevented by LAFCO; there is no other acute care hospital serving this area.

Pat Cantrall asked about patients being denied due to inability to pay.

John Kenny: Federal law prohibits hospitals from denying patients based on ability to pay.

County Assessor, Cheri Budmark: Having problems already getting people to pay taxes, who's responsible for the money if the people don't pay? Doesn't think the district can count on the income from Calpines - 15,000+/- parcels.

Calpines CSD representative: Landowners aren't paying assessment for their services either

Commissioner Schreiber: Can't charge more than 1% of value

Assessor: Special fees are different

Josie Johnson: The County is a teeter plan that pays fees up front; has the County discussed that? Is that addressed in the Business Plan?

Judy Mason: Current non-payment is 2-3%; they budgeted for 5%; no way to know if that is enough.

Assessor: When the lot is only worth \$2,000, they won't pay the \$ 195.00 tax

Mrs. Schreiber: Would everyone else have to make up the difference for those not paying?

Commissioner Dederick: The County would foot the bill.

Pat Cantrall: The County will be responsible with a new district or not; keep it the way it is.

Commissioner Schreiber: What do [Calpines properties] sell for at auction?

Josie Johnson: They sell for the amount of taxes owed.

Commissioner Schreiber: If they are sold for the amount of the taxes, the value of the property will go down and the taxes would go down?

Assessor: Yes.

Judy Mason: The County subsidizes 100% of the losses now; with a district they will only be responsible for +/-10%.

Assessor: The properties won't sell for more than the value of the property and that's what the taxes will be.

Commissioner Schreiber: the County would lose money, the District would gain.

Commissioner Neer: The sale of property in bulk would not necessarily drive the price down, comparables come into play. So sales at auction can drive prices down, but it's not guaranteed. The scenario presented is overstated, it's worst-case.

Assessor: Just concerned about those people that aren't paying and aren't going to pay.

(P): But if the hospital closes, how much will our property be worth anyway?

Assessor: (theoretical) Values would go down for residential, but not recreational properties.

Commissioner Schreiber: How many lots are Calpines, what portion of taxes do they make up?

Assessor: number: +/-50% lots are Calpines, value: +/-30% lots are Calpines.

Sharon Crabtree: Those people with a lot worth only 2,000 won't pay 200\$; the County will have to pay.

Commissioner Neer: We know they're not worth it, but do they?

Sharon Crabtree: Gets calls every day from people trying to sell Calpines properties, can't get rid of them.

(P): People with multiple lots only have to pay once?

Commissioner Dederick: Yes.

(P): How much will the new hospital cost?

Commissioner Dederick: This hearing is solely for the existing hospital and the possibility of creating a new district; the new hospital is totally separate.

(P): Then what is the \$195 a year for?

Commissioner Dederick: The operation of the old hospital, and if there is a new one built, the new one.

(P): How much will it cost for the building of a new hospital?

Commissioner Dederick: estimate \$30 million

(P): If the tax passes, will the taxpayers be responsible for the building cost?

Commissioner Dederick: No, it's paid for thru grant money.

John Kenny: If the tax measure passes, it's limited to the operations; you don't assume responsibility for anything else. If the money isn't there, you can't build a new hospital.

Commissioner Neer: Money for a new hospital is from grants, federal funds, private funds, state funds, not from the \$195 tax.

(P): If district bankrupts, will the County take [the hospital] back?

John Kenny: The County has the right to get it back, but if the district can't support it, the County can't afford it either.

At this point there were too many speakers to make out what was being said.

(P): What will happen to Warner view if the hospital closes? We need this care.

(P): How long will the assessment run? Is the amount set?

Judy Mason: 5-year sunset clause; Surprise Valley takes advantage of the 4-year election cycle; vote must be taken to raise the amount, not to lower it; vote must be taken at least every five years, even if the amount is not going to change.

Mr. Bullock: Would like to see a bigger district - border to border with the County lines; that was ruled out only to ensure a passing vote.

This issue is not addressed by LAFCO, should be brought up at the Board of

Supervisor's meeting.

Commissioner Schreiber: If he didn't think the hospital would survive, he wouldn't have supported Mr. Beck; everyone is assuming the hospital can't make it and a district is the only hope; would like to see Mr. Beck given a chance to make a difference.

(P): The district will only be a tool to help the hospital and Mr. Beck; it's only a matter of time before the County runs out of money. Also, the Board of Supervisors has said "we've never lost money on a prop

(P): Doesn't think we should wait to run out of money to try to help; that would endanger lives and jobs. Commissioner Dederick: LAFCO is charged with determining if procedures and policies and laws have been followed, whether we support the SOHC cause or not.

(P): If Beck can turn the hospital around, the district won't have to charge as much; if the district isn't formed...

(P): Why is the hospital losing money and how?

Commissioner Neer: That issue needs to be brought up at the BOS meeting.

(P): County lines as a boundary includes people who don't use this hospital.

Commissioner Macsay: Tuesday is the hospital meeting at the BOS; please come to ask questions, address those issues.

(P): After the national election, we don't know what will be mandated; with the new ideas about national healthcare, they should help rural hospitals stay open to serve the people that are required to be served.

The public hearing was closed.

c. Consider and Adopt Proposed Resolution No. 2008-0006 approving the formation of the Last Frontier Healthcare District subject to recommended terms and conditions contained therein:

Commissioner Macsay made a motion to adopt Resolution 2008-0006, subject to the terms and conditions contained therein; seconded by Commissioner Dunn.

Discussion:

John Benoit voiced concern that the Commission consider notification of landowners of proposed Tax as a courtesy to the landowners; considers it to be required as part of the process by the intent of the state law

Commissioner Schreiber: Proposition 218 states that notification must occur within the affected district.

John Benoit: LAFCO is not the enforcing agency for this

Commissioner Macsay: This should be brought up at the Board of Supervisors meeting.

John Kenny: If procedure is not followed, the tax will be invalid; a special tax is different than a benefit assessment and that's what Prop 218 covers.

Pat Cantrall: Adjoining landowners are notified for planning projects; believes that landowners should be given notice.

Commissioner Dunn: The BOS asked for the legal opinion regarding this; the SOHC fulfilled that obligation.

There is a motion on the table; all in favor: Commissioners Dederick, Neer, Dunn and Macsay;
Abstain: Commissioner Schreiber, for reasons of liability.

Commissioner Dunn: LAFCO will submit a certificate of action to the BOS; if anyone would like to express opinions about it, be at the BOS Meeting on November 25th.

7. Review and Authorize payment of claims:

a. Authorize Payment of Claims for October 2008:

Commissioner Dunn made the motion to authorize payment of claims for October 2008; seconded by Commissioner Macsay. All in favor: Unanimous.

8. Executive Officer's Monthly Report - General Discussion:

John Benoit requested that the next meeting be held in January instead of December; at that time he will be ready to review the Alturas MSR and LAFCO Policies and Procedures.

9. Commissioner Reports - Discussion:

None.

The next meeting will be held January 13, 2009 at 5:00 PM.

There being no further business to come before this Commission, the meeting was adjourned at 7:30 pm.